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COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, November 9, 2000

JOINT PETITION OF

ONEPOINT COMMUNICATIONS CORP.

CASE NO. PUA000072

and

BELL ATLANTIC CORPORATION d/b/a VERIZON COMMUNICATIONS

For authority pursuant to the Utility  
Transfers Act, §§ 56-88 et. seq. of the Code of Virginia

**ORDER GRANTING AUTHORITY**

On September 18, 2000, Bell Atlantic d/b/a Verizon Communications (“Verizon”) and OnePoint Communications Corp. (“OnePoint”) (collectively, “Joint Petitioners”) completed an application pursuant to Virginia Code Section 56-88.1 (“Va. Code § \_\_\_\_”) for approval of a transaction wherein Verizon will acquire control of OnePoint and its subsidiary VIC-RMTS-DC, LLC (“VIC-RMTS-DC”). VIC-RMTS-DC holds a certificate of convenience and necessity to provide local exchange telecommunications services in Virginia. The merger agreement between Verizon and OnePoint, VIC-RMTS-DC’s ultimate corporate parent, will leave OnePoint as a structurally separate, wholly owned subsidiary of Verizon.

Verizon is headquartered in New York City and is the parent corporation of operating companies that provide local exchange service, interexchange service, wireless service, and information services. Its two Virginia subsidiaries, Verizon Virginia and Verizon South, provide local exchange and exchange access service throughout the Commonwealth of Virginia. The

application states that the intrastate services of Verizon Virginia and Verizon South and their regulation by the State Corporation Commission are not affected by this transaction and they are, therefore, not parties to this joint petition.

OnePoint is a Delaware corporation and holds substantially all of the ownership in VIC-RMTS-DC. VIC-RMTS-DC provides local exchange telecommunications services in Virginia pursuant to a certificate of public convenience and necessity received on September 10, 1997. VIC-RMTS-DC currently provides packages of telecommunications services to residential customers in Multi-Dwelling Units (“MDUs”). According to the joint petition, OnePoint currently offers residential customers competitively priced bundled local exchange, long distance, data and cable services with the convenience of a single point of contact for service and one bill.<sup>1</sup> OnePoint’s business plan also includes an aggressive rollout of DSL services to residential customers.

The joint petition states that each issued and outstanding share of OnePoint common stock, except for the shares to be canceled in accordance with Section 1.4(b) of the merger agreement, will be converted into cash equal to the exchange amount set forth in Article 2 of the merger agreement. The Joint Petitioners state that the transfer of control of VIC-RMTS-DC will be seamless and will not adversely affect the provision of telecommunications services in Virginia. VIC-RMTS-DC will continue to operate and remain the holder of its authorization. Its current customers will not be affected adversely by the merger as VIC-RMTS-DC will continue

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<sup>1</sup> VIC-RMTS-DC provides resold interexchange service. These services are currently not regulated by the Commission; therefore, a certificate of public convenience and necessity is not needed.

to provide the same services to existing customers under the same service agreement, except that it will no longer be able to offer interLATA service after the merger.<sup>2</sup>

The Joint Petitioners state that adequate service to the public at just and reasonable rates will not be impaired or jeopardized as a result of the proposed transaction. VIC-RMTS-DC's current services to existing customers will still be regulated by the Commission pursuant to VAC5-400-180. Also, the proposed transaction will benefit residential consumers who live in apartment buildings by ensuring the continuation of a vibrant competitor in Virginia. OnePoint needs appropriate capitalization and operational scale in order to remain a successful competitor and to accelerate its deployment of advanced services. The Joint Petitioners state that Verizon's capital infusion into OnePoint is critical to its long-term viability.

On September 22, 2000, the Commission issued its Order for Notice and Comment. In that Order, the Commission directed Petitioners to give notice to its customers and provide interested persons with an opportunity to comment and/or request a hearing on or before October 27, 2000. The Commission also directed its Staff to file a report detailing its findings and recommendations on or before November 2, 2000. Pursuant to that Order, proofs of service and newspaper notice were filed on October 31, 2000.

On October 27, 2000, Cavalier Telephone, LLC ("Cavalier") filed comments opposing the application. Cavalier contends in its comments that the merger of OnePoint and Verizon is anti-competitive.

Staff filed its Report on November 2, 2000. In its report, Staff also noted its concern about the merger's effect on local competition in Virginia. Staff believed that, in the short term,

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<sup>2</sup> Post-merger VIC-RMTS-DC will continue to provide intraLATA long distance on a resale basis.

the proposed transaction might be anti-competitive. However, Staff noted the financial benefit to OnePoint of its acquisition by Verizon and the potential positive effect on the competitive local exchange market in Virginia due to available Verizon resources. Based on its analysis, Staff found that the proposed acquisition would not impair or jeopardize the provision of adequate service to the public at just and reasonable rates.

On November 6, 2000, the Joint Petitioners filed their response to Staff's report. In the response, the Joint Petitioners stated that, while not agreeing with everything in Staff's report, they agreed with Staff's final conclusion.

NOW THE COMMISSION, upon consideration of the joint petition, the Staff Report, Petitioners' Response thereto, and the comments filed by Cavalier, is of the opinion and finds that the joint petition and Agreement will not impair or jeopardize adequate service to the public at just and reasonable rates and, therefore, should be approved. Accordingly,

IT IS ORDERED THAT:

(1) Pursuant to Va. Code §§ 56-88.1 and 56.90 the Agreement and Plan of Merger between Bell Atlantic Corporation d/b/a Verizon Communications and OnePoint Communications Corp. is hereby approved under the terms and conditions as described herein.

(2) The authority granted herein shall have no ratemaking implications.

(3) Petitioners shall submit to the Director of the Commission's Division of Public Utility Accounting a report of the action taken pursuant to the authority granted herein within thirty (30) days of merger consummation. The report shall provide the date of closing of merger and the total value of the transaction.

(4) There being nothing further to be done in this matter, it is hereby dismissed.